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Follow-up to and implementation of the outcome of the 2002 International Conference on Financing for Development and the preparation of the 2008 Review Conference

Note verbale dated 6 October 2008 from the Permanent Mission of Chile to the United Nations addressed to the Secretary-General

The Permanent Mission of Chile to the United Nations presents its compliments to the Secretary-General and has the honour to transmit herewith a letter dated 24 September 2008 from the Presidents of Brazil, Chile and the Government of Spain and the Minister for Foreign and European Affairs of France addressed to the Secretary-General (see annex) transmitting the Declaration on Innovative Sources of Financing for Development, which was signed on 24 September 2008 by the founding members of the "Action against Hunger and Poverty" initiative.

The Permanent Mission of Chile would be grateful if the above-mentioned letter and its annex could be circulated as a document of the General Assembly under agenda item 48.

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Annex

Letter dated 24 September 2008 from the Presidents of Brazil and Chile, the President of the Government of Spain and the Minister for Foreign and European Affairs of France addressed to the Secretary-General

We have the honour to attach for your attention and distribution to Member States the Declaration on Innovative Sources of Financing for Development of the initiative "Action against Hunger and Poverty".

The Declaration seeks to reinforce the commitment to continue the search for new and innovative mechanisms of financing for development, within the framework of the Monterrey Consensus and the upcoming Follow-up International Conference on Financing for Development, to be held in Doha from 29 November to 2 December 2008.

We would greatly appreciate the circulation of the present letter and its attachment as a document of the General Assembly under item 48.

(*Signed*) Luis Ignacio Lula Da Silva
President of the Federative Republic of Brazil

(*Signed*) Michelle Bachelet Jeria
President of the Republic of Chile

(*Signed*) José Luis Rodríguez Zapatero
President of the Government of Spain

(*Signed*) Bernard Kouchner
Minister of Foreign and European Affairs of France

Enclosure

ACTION AGAINST HUNGER AND POVERTY
25th September 2008, New York
U.N. High Level Event on MDGs
Declaration on Innovative Sources of Financing for Development

• ***From words into Action***

In January 2004, in Geneva, the Presidents of Brazil, Chile and France, with the support of the United Nations Secretary-General, launched an initiative to fight hunger and poverty, calling on the international community to create new sources of financing for development in order to make progress toward the achievement of the MDGs.

Following a technical group meeting in September 2004, Brazil, Chile, France and Spain presented at the UN a quadripartite report, offering a comprehensive range of options for innovative financing. The proposals seek to provide financing, while deterring "bads" and encouraging "goods" in the evolving globalization process. The aim is to achieve **Globalization with a Human Face and Shared Development.**

On the occasion of the 2005 World Summit, 79 countries endorsed the New York Declaration on Innovative Sources of Financing for Development, co-sponsored by Algeria, Brazil, Chile, France, Germany and Spain.

The Paris Ministerial Conference on Innovative Financing Mechanisms, convened by France in February 2006 gave momentum for the creation of "A Leading group on Solidarity Levies to Fund Development", tasked with exploring such issues. This Group now includes 54 countries[1] and 4 observer countries[2].

Several innovative mechanisms have been developed recently: the air-ticket solidarity levy financing the international drug purchase facility UNITAID; the International Finance Facility for Immunization; and a pilot Advanced Market Commitment for pneumococcal. These actions reveal encouraging process on innovative financing.

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[1] Algeria, Bangladesh, Benin, Belgium, Burkina Faso, Burundi, Brazil, Cambodia, Cameroon, Cap Verde, Central African Republic, Chile, Congo, Cote d'Ivoire, Cyprus, Djibouti, Ethiopia, Finland, France, Gabon, Germany, Guatemala, Guinea-Bissau, Guinea, Haiti, India, Italy, Jordan, Lebanon, Liberia, Luxembourg, Madagascar, Mali, Morocco, Mauritius, Mauritania, Mexico, Mozambique, Namibia, Nicaragua, Niger, Nigeria, Norway, Poland, Republic of Korea, Saudi Arabia, Senegal, Sao Tome and Principe, South Africa, Spain, Sierra Leone, Togo, Uruguay and the United Kingdom.
[2] Austria, China, Egypt and Japan.

UNITAID was launched in September 2006 by Brazil, Chile, France, Norway and the United Kingdom. A year later, 27 countries[3], with the support of the Bill & Melinda Gates Foundation and Clinton Foundation, confirmed their financial support for this initiative. It is mainly financed by the air-ticket solidarity levy proceeds and budget contributions. Hosted by the World Health Organization, UNITAID aims to step up long-term access for those who are most in need of high-quality medicines at negotiated prices to treat AIDS, tuberculosis and malaria. By pooling sustainable resources, lower prices are being obtained from pharmaceutical companies.

Although not strictly innovative, remittances represent another very fruitful area in which the development community has been concentrating efforts in the last few years. For developing countries as a whole, remittances represent the second largest source of capital. Reducing the cost of remittances, securing and improving their channelling and increasing their impact on development are therefore an urgent priority. Several concrete initiatives have been taken to reduce the cost for migrants' remittances in full respect of their nature as private flows, and to support productive investments that foster development, including by promoting access of the recipient families to financial institutions.

The Leading Group on Solidarity Levies to Fund Development has been taking stock of the various ideas put forward with a view to exploring from a wider perspective the menu of innovative mechanisms for financing development, including -among others- implementing new issues of Special Drawing Rights by the International Monetary Fund to finance counter-cyclical mechanisms to deal with financial and trade shocks suffered by developing countries; stemming illicit capital flows, including enhancing the ability to combat tax evasion - a task force on this subject, chaired by Norway has been launched -; introducing a moderate tax on currency transactions; the potential role of the carbon market; and implementing a Digital Solidarity Fund with a 1% contribution that would be levied on transactions related to information and communication technologies.

- ***A new commitment***

We are of the view that we have a collective responsibility for the achievement of the Millennium Development Goals (MDGs) as a key element to eradicate poverty, promote sustainable development --in its economic, social and environmental dimensions--, and achieve global prosperity for all.

We recall the commitment made by the International Community at the Monterrey Conference in March 2002, to increasing resources for development, including official development assistance.

We acknowledge the establishment of timetables by some developed countries, in particular by those of the European Union adopted in 2005, to achieve the target of 0.7 per cent of GNI by 2015 or to sustain their efforts beyond this level, and call upon other developed countries to do likewise. We are encouraged by the increasing aid flows from developing countries.

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[3]Benin, Brazil, Burkina Faso, Cameroon, Central African Republic, Chile, Congo, Cote d'Ivoire, Cyprus, France, Gabon, Guinea, Liberia, Madagascar, Mali, Mauritius, Morocco, Namibia, Niger, Norway, Republic of Korea, Sao Tome and Principe, Senegal, South Africa, Spain, Togo, United Kingdom.

We are convinced that more stable and predictable aid flows, including additional funding from innovative mechanisms, would considerably enhance aid effectiveness and its impact on poverty; distributing the benefits of globalization among developed and developing countries. We invite the international community to work together for the evaluation and concrete implementation of other innovative sources in the menu we have identified or other newer sources.

We call on the international community to further pursue and join efforts on identifying new and innovative mechanisms for financing development on regular, predictable, and additional bases, as stated in the New York Declaration of September 2004, the New York Declaration of September 2005 and as reflected in the outcome document of the 2005 Millennium Summit on the review of the MDGs.

We reiterate our political commitment to the fight against hunger and poverty and the achievement of MDGs - and we call others - to move from words into concrete actions; and to further consider and implement, innovative sources of finance at the Review Conference on Financing for Development to be held in Doha, Qatar, in November 2008.